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FREDERICK P. WAITE
Direct Dial: 1-(202) 828-5087
E-Mail: fwaite@hklaw.com

KIMBERLY R. YOUNG
Direct Dial: 1-(202) 828-5094
E-Mail: kyoung@hklaw.com

VIA E-MAIL

PUBLIC DOCUMENT

The Honorable Robert B. Zoellick
United States Trade Representative
OFFICE OF THE U.S. TRADE REPRESENTATIVE
600 17th Street, N.W.
Washington, D.C. 20508

*This Letter Contains
No Confidential Business Information*

cc: Mr. Andrew Stephens
DIRECTOR FOR STEEL TRADE POLICY

Re: *Final Comments Regarding Shipbuilding Steel Products*

Dear Mr. Ambassador:

On behalf of RAUTARUUKKI OYJ, a Finnish producer of steel products, we respectfully submit the following final comments regarding the treatment of certain shipbuilding steel profiles under Section 203 of the *Trade Act of 1974, as amended*. These comments are being submitted in accordance with the notice published by the OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE on Friday, October 26, 2001,^{1/} and subsequently amended on December 28, 2001.^{2/}

I. CERTAIN SHIPBUILDING PROFILES ARE EXEMPT FROM THIS SECTION 203 PROCEEDING

^{1/} *Trade Policy Staff Committee: Public Comments on Potential Action under Section 203 of the Trade Act of 1974 with Regard to Imports of Certain Steel*, 66 Fed. Reg. 54,321 (October 26, 2001).

^{2/} *Trade Policy Staff Committee: Extension of Deadline for the Submission of Written Comments on What Action, If Any, the President Should Take under Section 203 of the Trade Act of 1974 with Regard to Imports of Certain Steel and Responses to Such Comments*, 66 Fed. Reg. 67,349 (December 28, 2001).

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In its submission of November 13, 2001, RAUTARUUKKI provided descriptions and comments concerning five separate types of profiles that are used by the shipbuilding industry.^{3/} Each of these profiles is a specialized steel product which has unique applications in vessel construction.

We respectfully submit that at least two of these special products — T-bulb profiles and hot-rolled NJA L-profiles — are exempt from this Section 203 proceeding as the result of a negative injury determination by the U.S. INTERNATIONAL TRADE COMMISSION ("COMMISSION"). T-bulb profiles have standard web heights from 350 to 1,000 mm, and they are classified under subheading 7301.20.1000 of the *Harmonized Tariff Schedule of the United States* ("HTSUS").^{4/} Thus, this product falls within the definition of the product category of "Heavy Structural Shapes," which the COMMISSION described as "Angles, shapes, and sections (such as U, I, or H sections) of a height equal to or more than 80 mm."

^{3/} The five types of profiles are T-bulb profiles, hot-rolled NJA L-profiles, hot-rolled bulb flats, hot-rolled T-bulb flanges, and millimetric hot-rolled universal mill plates, also known as universal flats. See Submission by HOLLAND & KNIGHT LLP on Behalf of RAUTARUUKKI OYJ, "*Exclusion Request for Shipbuilding Products*," November 13, 2001 (hereinafter "*RAUTARUUKKI Exclusion Request*").

^{4/} See *RAUTARUUKKI Exclusion Request* at Attachment 3. It is also noted that RAUTARUUKKI PROFILER AS (formerly FUNDIA PROFILER AS), a subsidiary of RAUTARUUKKI OYJ, developed this proprietary shape, and the patent is pending.

The COMMISSION further noted that these heavy structural shapes are provided for in several *HTSUS* subheadings, including 7301.20.1000.^{[5/](#)}

^{[5/](#)} U.S. INTERNATIONAL TRADE COMMISSION, *Steel: Investigation No. TA-201-73; General Information, Instructions, and Definitions for COMMISSION Questionnaires* (hereinafter "*ITC Definitions*") at 11.

Hot-rolled NJA L-profiles have standard heights from 90 to 120 mm, and they are classified under *HTSUS* subheading 7216.40.00.^{6/} Thus, this product likewise falls within the definition of the product category of "Heavy Structural Shapes." In addition, its *HTSUS* subheading — 7216.40.00 — is listed by the COMMISSION under the product definition.^{7/}

The COMMISSION made a negative determination that "heavy structural shapes are not being imported into the United States in such increased quantities as to be a substantial cause of serious injury or the threat of serious injury to the domestic heavy structural shape industry."^{8/} Thus, heavy structural shapes, including T-bulb profiles and hot-rolled NJA L-profiles, are no longer part of this investigation and are, therefore, exempt from any remedial action.

II. THE REMAINING SHIPBUILDING PROFILES SHOULD BE EXCLUDED FROM ANY REMEDIAL ACTION UNDER SECTION 203.

We respectfully submit that the three remaining specialty profiles — hot-rolled bulb flats, hot-rolled T-bulb flanges, and millimetric hot-rolled universal mill plate — should be excluded from any remedial action which the President may decide to take as a result of this Section 203 proceeding. These products are not made in the United States, and, despite the claims of one domestic company, they are not available from any domestic source. Further, at least one of these special profiles — T-bulb flanges — is a proprietary product, developed by RAUTARUUKKI PROFILER AS and available only from RAUTARUUKKI. Given that U.S. shipyards need these products in their operations and that these products are not

^{6/} See *RAUTARUUKKI Exclusion Request* at Attachment 4.

^{7/} *Id.* See *ITC Definitions* at 11.

^{8/} See U.S. INTERNATIONAL TRADE COMMISSION, *Steel: Volume I: Determinations and Views of Commissioners*, Inv. No. TA-201-73, Pub. No. 3479 (December 2001) (hereinafter "*ITC Report: Volume I*") at 122.

available from domestic sources, the only reasonable course of action is to exclude these special products from any eventual relief.

Both NATIONAL STEEL AND SHIPBUILDING COMPANY ("NASSCO") and the AMERICAN SHIPBUILDING ASSOCIATION ("ASA") submitted comments to the TRADE POLICY STAFF COMMITTEE in support of the exclusion of bulb flats and millimetric universal mill plate or flats.^{9/} NASSCO emphasized that these products are critical components in shipbuilding and that there are no substitutes, and the ASA reported that shipbuilders have already incorporated these special profiles into the design of vessels which are under construction.

Both NASSCO and ASA noted that there are no sources for these products in the United States. No domestic producer has claimed the ability to produce millimetric universal flats, and only one domestic mill — STEEL OF WEST VIRGINIA, INC. ("SWV") — has claimed that it is "capable of producing" bulb flats.^{10/} However, SWV's claims are without

^{9/} See Submission by HOGAN & HARTSON LLP on Behalf of NATIONAL STEEL AND SHIPBUILDING COMPANY, "*Comments on Potential Action under Section 203 with Regard to Imports of Certain Steel*," January 4, 2002 (hereinafter "*NASSCO Comments*"); and Letter from Cynthia L. Brown, President, AMERICAN SHIPBUILDING ASSOCIATION, "*Steel 201 Investigation — Comments to Product Exclusion Request for Bulb Flats and Metric Universal Flats*," November 26, 2001 (hereinafter "*ASA Letter*").

^{10/} See Submission by WILEY, REIN & FIELDING LLP on Behalf of MINIMILL 201

any basis in fact. As NASSCO discussed at length in its submission, it has attempted without success to obtain confirmation from SWV that it can produce bulb flats.^{11/} In fact, SWV advised NASSCO that it could not produce bulb flats in the required sizes and, accordingly, could not support NASSCO's requirements.^{12/} Another U.S. shipbuilder — KVAERNER PHILADELPHIA SHIPYARD COMPANY — also approached SWV for bulb flats and has likewise been unsuccessful in obtaining confirmation that the mill can make this special profile. Given SWV's obvious inability to produce bulb flats, it is clear that this product cannot be obtained domestically but must continue to be procured from established and reliable sources overseas. As the ASA observed, "{t}here is no reason to restrict the importation of bulb flats and universal flats, which do not compete with any domestically produced steel as they are not produced in the United States."^{13/}

COALITION (LONG PRODUCTS), "*Steel Inv. No. TA-201-073: Response to Exclusion Requests*," December 5, 2001.

^{11/} *NASSCO Comments* at 4.

^{12/} *Id.*

^{13/} *ASA Letter* at 2.

It should also be noted that these special profile products constitute a very small percentage of the steel that is incorporated in a vessel. The remainder of the steel is supplied by domestic mills.^{14/} If bulb flats, universal flats, and T-bulb flanges are not excluded from a Section 203 remedy, then U.S. shipyards may not be able to obtain these products in the required quantities, qualities, and dimensions or in a timely manner. The result, as NASSCO mentioned, would be disruptions in production schedules and perhaps the redesigning and reengineering of the vessels, "with a profound negative effect on NASSCO's business (and NASSCO's customers) from an engineering and overall design standpoint."^{15/} Such disruptions would also have a negative impact on the domestic steel mills that supply the vast majority of steel products used in ship construction in the United States.

III. CONCLUSION

For the foregoing reasons, we respectfully submit that: (A) T-bulb profiles and hot-rolled NJA L-profiles are no longer subject to this investigation; and (B) hot-rolled bulb flats, hot-rolled T-bulb flanges, and millimetric hot-rolled universal mill plate should be excluded from any remedy that may be imposed as a result of this investigation.

Respectfully submitted,

/ s /

Frederick P. Waite
Kimberly R. Young

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Counsel for RAUTARUUKKI OYJ

^{14/} See *id.* at 1.

^{15/} NASSCO Comments at 2.